

CHAPTER 2

MOBILIZING THE PRIVATE SECTOR: AMERICA'S HOMEOWNERSHIP CHALLENGE

- *Establish a national goal of at least 5.5 million new minority homeowners before the end of the decade.*
- *Challenge the private sector real estate and mortgage finance industries to dramatically increase their efforts to reduce the barriers to homeownership faced by minority families and to work with the nonprofit sector in a concerted effort to achieve this goal through national and local partnerships.*
- *Convene a White House Conference on Increasing Minority Homeownership, to highlight the homeownership barriers faced by minorities and develop proposed solutions.*

The strength of our Nation lies in the diversity of our people and our communities. This diversity extends beyond heritage or ethnicity, however. It also encompasses a diversity of local markets. Factors affecting real estate and, more importantly, homeownership, are greatly affected by local conditions. The various barriers to homeownership differ by locality. Hispanics living in the Bronx face a different set of obstacles and require different solutions than those living in Miami, or in San Antonio.

While minority homeownership rates increased in the 1990s due to a variety of favorable circumstances (including record-low interest rates and a strong economy), these increases are cause for celebration, not complacency. The Administration is intent on fostering a climate conducive to homeownership growth, and dismantling and eliminating the barriers faced by minority families is an integral part of this effort. As long as these barriers exist, homeownership levels for minority families will not be where they should be. Yet because of the variety of needs and differences between our communities, a “one size fits all” approach or government program alone is unlikely to have a sufficiently widespread impact.

The Administration also hopes to expand homeownership opportunities by focusing the energy and creativity of the private sector real estate and mortgage-finance industries, as well as the nonprofit sector, on this important goal. A national campaign that mobilizes thousands of homebuilders, realtors, and lenders, as well as the nonprofit groups involved in community revitalization and financial education efforts, to tear down barriers to homeownership, will have a profound impact. Such an effort is more likely to give rise to approaches tailored to local conditions and driven by local action.

To that end, the Administration has issued “America’s Homeownership Challenge” to homebuilders, realtors, nonprofits, and government-sponsored enterprises that purchase the mortgages made by lenders, to unite in a concerted, multifaceted and collaborative effort to dismantle barriers to homeownership in each community and increase the number of minority homeowners by at least 5.5 million families by the end of this decade. This broad-based effort

will (1) harness the capital and expertise of major private sector financial institutions, (2) involve minority advocacy groups in key roles to guide industry efforts, and (3) complement the legislative and regulatory initiatives put forth by the Administration to achieve this goal.

Although long-range projections of homeownership growth rates can prove unreliable, under almost any projection scenario, adding 5.5 million families to the number of minority homeowners by the end of this decade would be a substantial achievement that could be accomplished only with great effort.

As an initial response to President Bush's challenge, a number of national organizations involved in homeownership have agreed to commit specific resources, devote organizational energy, and begin taking concrete actions to reduce barriers and achieve this goal. Some of the measures to be taken include:

- A substantial increase of at least \$440 billion in the financial commitment made by the government-sponsored enterprises involved in the secondary mortgage market, specifically targeted toward the minority market;
- Twenty-five different local initiatives to be undertaken across the nation, geared toward eliminating the specific homeownership barriers faced by minority families in those communities;
- A commitment to raise \$750 million in below-market-rate investments by 2007, which will work in collaboration with local homeownership initiatives and be targeted to heavily minority program areas;
- Pursuing strategic partnerships in 20 top housing markets between homebuilders, lenders, local officials, and community leaders to develop approaches that address the local challenges to building homes for minority families living in urban centers;
- Establishing of faith-based housing partnerships between the participants and at least 100 churches, mosques, synagogues, and other faith-based institutions;
- Aggressively developing new mortgage products so that conventional market alternatives are available to combat the predatory loan products that are disproportionately targeted to minorities;
- Creating new mortgage products to meet the unique needs of recent immigrants;
- Dramatically expanding financial education efforts for minorities, providing financial counseling to at least 380,000 minority families, and taking measures at the local level to reduce predatory lending; and
- Establishing multilingual, consumer-oriented internet Web sites designed to help minorities overcome barriers to homeownership, including creation of a central data bank

of affordable housing programs made available to real estate agents when working with clients.

These are simply beginning efforts in what is meant to be an ongoing challenge to the private sector. To continue finding new strategies to expand opportunities, and in order to maintain a strong focus on this goal, the White House will convene a conference on increasing minority homeownership, both as a forum for continued discussion of how best to tear down the barriers to homeownership and to promote successful strategies that expand opportunities.

Accountability and results will be expected and measured. The entities will voluntarily report to the Secretary of Housing and Urban Development annually on the progress of each of their initiatives. The Secretary will track the overall progress made in these areas and report annually to the President.

The Administration expects that this concerted national effort will result in greater production and rehabilitation of affordable homes where the existing supply is inadequate, increased innovation in mortgage products, more effective marketing and outreach to minority communities, and increased attention to financial education.